

Department of Insurance and Securities Regulation (SR0)

The primary mission of the Department of Insurance and Securities Regulation (DISR) is to regulate the sale of insurance and sale of securities in the District of Columbia to protect and benefit the citizens of the District. The Department ensures that all insurance companies, insurance agents and brokers, health maintenance organizations, risk retention groups, securities businesses, securities brokers, dealers and agents, and investment advisors comply with the insurance and securities laws and regulations of the District of Columbia.

Agency Commissioner	Lawrence H. Mirel
Proposed Operating Budget (\$ in thousands)	\$7,359

Fast Facts

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| <ul style="list-style-type: none"> The proposed FY 2001 operating budget is \$7,359,197, an increase of \$368,861 over the FY 2000 budget. There are 89 full-time equivalents (FTEs) supported by this budget. | <ul style="list-style-type: none"> During FY 2000, DISR and its vendors plan to be Y2K compliant and a backup manual emergency system will be in place. During FY 2000, DISR plans to become a national and international center for insurance and financial transactions. |
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FY 2001 Proposed Budget by Control Center

The basic unit of budgetary and financial control in the District's financial management system is a control center. The Department of Insurance and Securities Regulation is comprised of three control centers that serve as the major components of the agency's budget. In the proposed FY 2001 budget, DISR will undergo an internal reorganization and a shift in responsibilities.

FY 2001 Proposed Budget by Control Center

(Dollars in Thousands)

Department of Insurance and Securities Regulation

Control Center	Proposed FY 2001 Budget
1100 ADMINISTRATION	1,872
1400 INSURANCE	4,601
1600 SECURITIES	886
SR0 Department of Insurance and Securities Regulation	7,359

Agency Overview and Organization

The Department of Insurance and Securities Regulation (DISR) was established in fiscal year 1998, by merging the Insurance Administration from the Department of Consumer and Regulatory Affairs and the Office of Securities from the Public Service Commission. The Department achieves its mission by protecting the interests of the District's consumers through educating and ensuring that insurance companies, agents, brokers and securities businesses, investment advisors, investment representatives and brokers/dealers operating securities businesses comply with insurance or securities laws and regulations. The Department also ensures that the two industries conduct their business in a fair, equitable and reasonable manner. These missions are achieved through two bureaus and three control centers (CC) with 12 responsibility centers (RC). The two bureaus are Insurance (divided into two bureaus, insurance and fraud for legality purpose) and Security:

1. **Administration** provides overall executive direction and financial support for the agency in its mission to protect the welfare of the citizens of the District of Columbia. The Administration consists of six offices: Office of the Commissioner, Office of the Deputy Commissioner, Office of Legal Affairs, Office of the Controller, Office of Public Information, Office of Systems and Technology and Administrative Services. In addition, the Administration develops departmental policies, provides legal guidance on insurance, managed care and securities issues, reviews and evaluates departmental performance, and makes recommendations to the Mayor and Council on modifications of the insurance and securities laws.
2. **The Securities Bureau** regulates the securities businesses, investment advisors, investment representative, broker dealers and broker agents operating in the District of Columbia. The Securities Bureau consists of one office and two divisions: Licensing and Enforcement. The bureau acts not only as a regulatory arm of the industry, but also as a marketing tool, to attract new securities houses into the District, through the review of regulations and by keeping the costs of licensing fees as low as possible.
3. **The Insurance Bureau** regulates the insurance companies, reviews issues, and mediates disputes between consumers and insurance companies, brokers and agents. The Bureau consists of one office and five divisions: Product, Financial, Consumer/Professional, Fraud, and Managed Care. The Bureau also handles issues relating to the review and approval of rates and policy forms for life, health, disability, property, and casualty lines. In addition, the Division conducts financial reviews of managed care systems and health maintenance organizations. Rates and minimum capital requirements are approved to guarantee these organizations solvency.
4. **The Fraud Bureau** conducts investigations and makes recommendations for sanctions imposed upon insurance producers, insurance companies, health maintenance organizations and consumers. The bureau consists of the two divisions: Office of the Chief, Investigations and Enforcement. Investigations alleged fraud and other misconduct regarding the activities of investment advisors/representatives, broker dealers and agents.

Department of Insurance and Securities Regulation (SRO)



FY 2001 Proposed Operating Budget

The Department of Insurance and Securities Regulation Operating Budget is composed of two categories: (1) Personal Services (PS), and (2) Nonpersonal Services (NPS).

Within the PS budget category are several object classes of expenditure such as regular pay, other pay, additional gross pay, and fringe benefits. Within the NPS budget category are several object classes of expenditure such as supplies and materials, utilities, communications, rent, other services and charges, contractual services, subsidies and transfers, equipment and equipment rental, and debt service.

Authorized spending levels present the dollars and related full-time equivalents (FTE) by revenue types. The Department of Insurance and Securities revenue type is Other sources (fees, fines, etc).

FY 2001 Proposed Operating Budget

(Dollars in Thousands)

Department of Insurance and Securities Regulation

Object Class	Actual FY 1999	Approved FY 2000	Proposed FY 2001	Variance
Regular Pay -Cont. Full Time	3,148	4,464	4,978	513
Regular Pay - Other	13	0	0	0
Additional Gross Pay	46	15	15	0
Fringe Benefits	513	672	802	130
Unknown Payroll Postings	0	0	0	0
Subtotal for: Personal Services (PS)	3,720	5,151	5,794	643
Supplies and Materials	21	40	40	0
Telephone, Telegraph, Telegram	85	60	60	0
Rentals - Land and Structures	646	710	772	62
Other Services and Charges	200	327	327	0
Contractual Services - Other	29	272	150	-122
Subsidies and Transfers	110	102	100	-2
Equipment and Equipment Rental	162	328	116	-212
Subtotal for: Nonpersonal Services (NPS)	1,252	1,839	1,565	-274
Total Expenditures:	4,972	6,990	7,359	369

Authorized Spending Levels by Revenue Type:

	FTEs	Dollars	FTEs	Dollars	FTEs	Dollars	FTEs	Dollars
Local	0	0	0	0	0	0	0	0
Other	71	4,972	89	6,990	89	7,359	0	369
Total:	71	4,972	89	6,990	89	7,359	0	369

Agency Funding Summary

The proposed FY 2001 operating budget *for all funding sources* is \$7,359,197, an increase of \$368,861 or 5.3 percent over the FY 2000 budget. There are 89 FTEs supported by this budget. The Department of Insurance and Securities Regulation receives funding from other sources.

- **Other.** The proposed *other* budget is \$7,359,197, an increase of \$368,861 or 5.3 percent over FY 2000 budget. There are 89 FTEs, supported by other sources. The \$368,861 includes an increase of \$643,100 in personal services, and a decrease of \$274,239 in nonpersonal services.

The change in personal services is comprised of:

- \$285,824 is an increase for the 6 percent nonunion pay increase
- \$285,568 is an increase to fill vacant positions due to an increase in workload
- \$71,708 is for step increases

The change in nonpersonal services is comprised of:

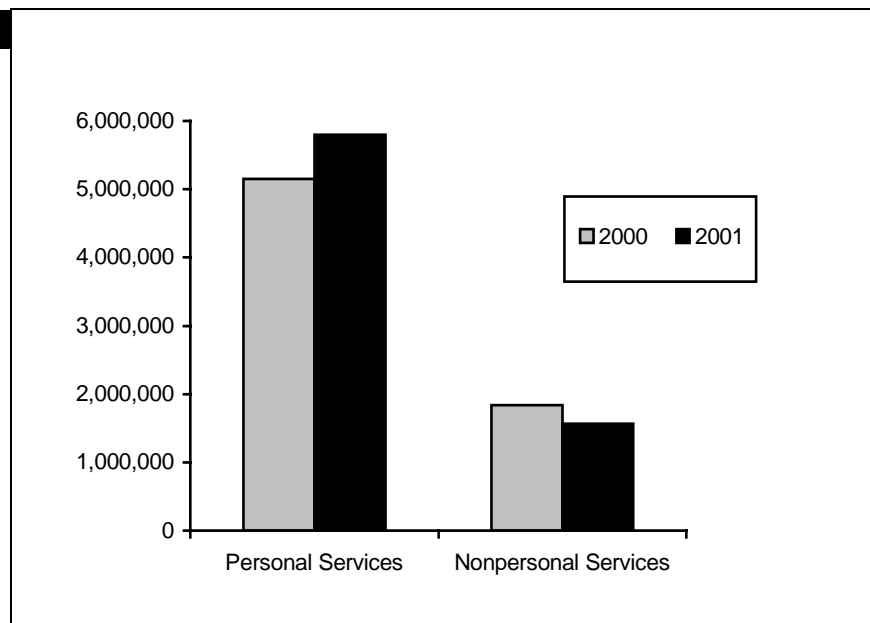
- \$61,961 is an increase in rent based on Office of Property Management estimates
- (\$122,000) is a decrease in contractual services
- (\$2,200) is a decrease in subsidies and transfers
- (\$212,000) is a decrease due to one-time adjustment for Y2K compliance

Figure 1

FY 2001 Proposed Budget Includes an Increase for PS and a Decrease in NPS

Personal Services increased by 12.5 percent, from \$5.2 million in FY 2000 to \$5.8 million, in FY 2001.

Nonpersonal services decreased by 14.9 percent, from \$1.8 million to \$1.6 million, due to a decrease in various categories.



Occupational Classification Codes

Occupational Classification Codes (OCC) are used by federal agencies like the Bureau of Labor and Census Bureau, as a way of classifying workers into eight Major Occupational Categories for the purpose of collecting, calculating, or disseminating data. The Department of Insurance and Securities Regulation workforce is divided among five occupational classification codes.

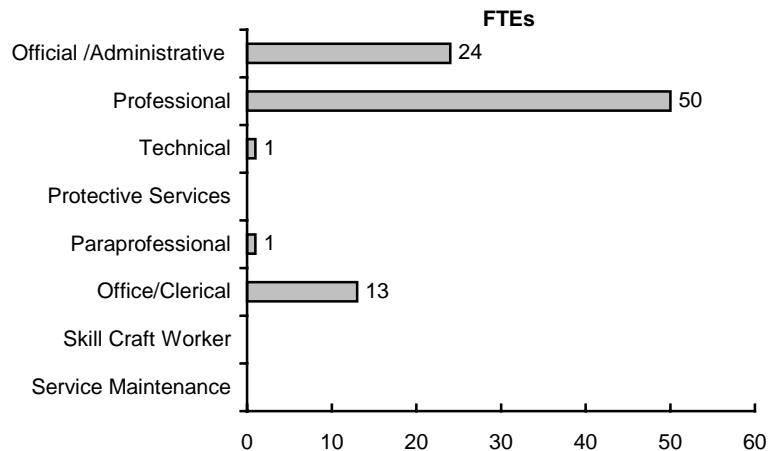
Agency FTEs by Occupational Classification Code

OC Code	FTEs in FY 2001
Official /Administrative	24
Professional	50
Technical	1
Protective Services	0
Paraprofessional	1
Office/Clerical	13
Skill Craft Worker	0
Service Maintenance	0
Total	89

FTE Analysis

Agency FTEs by Occupational Classification Code

The Department of Insurance and Securities Regulation is a regulatory agency. Of the total FTEs, 55.6 percent are Professional. Another 26.9 percent are Official/Administrative employees.



Control Center Summaries

1100 Administration

FY 2001 Proposed Operating Budget

Object Class: 1100

ADMINISTRATION

(Dollars in Thousands)

Department of Insurance and Securities Regulation

Object Class	Actual FY 1999	Approved FY 2000	Proposed FY 2001	Variance
Regular Pay -Cont. Full Time	764	777	1,577	799
Additional Gross Pay	19	5	15	10
Fringe Benefits	116	117	252	135
Subtotal for: Personal Services (PS)	899	900	1,844	944
Supplies and Materials	1	2	2	0
Rentals - Land and Structures	650	161	0	-161
Other Services and Charges	-15	26	26	0
Subsidies and Transfers	0	10	0	-10
Equipment and Equipment Rental	8	12	0	-12
Subtotal for: Nonpersonal Services (NPS)	644	211	28	-183
Total Expenditures:	1,543	1,111	1,872	761
Authorized Spending Levels by Revenue Type:	Dollars	Dollars	Dollars	Dollars
Other	1,543	1,111	1,872	761
Total:	1,543	1,111	1,872	761

1100 Administration

ADMINISTRATION					
(Dollars in Thousands)					
Department of Insurance and Securities Regulation					
Program			Proposed FY 2001 FTEs	Proposed FY 2001 Budget	
0010	OFFICE OF THE COMMISSIONER		3	336	
0030	OFFICE OF LEGAL AFFAIRS		5	354	
0040	ADMINISTRATIVE SERVICES		7	332	
3100	OFFICE OF THE CONTROLLER		5	331	
3200	OFFICE OF PUBLIC INFORMATION		3	204	
3300	OFFICE OF SYSTEMS AND TECHNOLOGY		6	316	
1100	ADMINISTRATION		29	1,872	
Total by Revenue Type:					
1100	ADMINISTRATION		Other	29	1,872
1100	ADMINISTRATION		Total	29	1,872

Program Overview

Administration provides overall executive direction and financial support of the agency in its mission to protect the welfare of the citizens of the District of Columbia. The Administration consists of six offices: Office of the Commissioner, Office of the Deputy Commissioner, Office of Legal Affairs, Office of the Controller, Office of Public Information, Office of Systems and Technology and Administrative Services. In addition, the Administration develops departmental policies, provides legal guidance on insurance, managed care and securities issues, reviews and evaluates departmental performance, and makes recommendations to the Mayor and Council on modifications of the insurance and securities laws.

Proposed Budget Summary

The proposed FY 2001 budget for Administration totals \$1,872,295, an increase of \$761,444 or 68.5 percent over FY 2000. There are 29 FTEs supported by this control center

- **Other.** The proposed *other* budget is \$1,872,295, an increase of \$761,444 over FY 2000. There are 29 FTEs supported by other sources. The \$761,444 increase includes an increase of \$944,118 in personal services and a decrease of \$182,674 in nonpersonal services.

The change in personal services is comprised of:

- \$162,402 is an increase for the 6 percent nonunion pay increase
- \$348,000 is a statutory increase based on legislation that increased the management salary within DISR to attract more qualified employees to the District DISR
- \$288,816 is an increase for full-time employees due to an internal reorganization and a shift in responsibilities
- \$10,000 is an increase in overtime due to increased workload

Department of Insurance and Securities Regulation (SRO)

- \$134,900 is an increase in benefits

The change in nonpersonal services is comprised of:

- (\$160,674) is a decrease in rent based on Office of Property Management estimates
- (\$10,000) is a decrease in subsidies and transfers
- (\$12,000) is a decrease due to one-time adjustment for Y2K compliance

1400 Insurance Bureau

FY 2001 Proposed Operating Budget

Object Class: 1400

INSURANCE

(Dollars in Thousands)

Department of Insurance and Securities Regulation

Object Class	Actual FY 1999	Approved FY 2000	Proposed FY 2001	Variance
Regular Pay -Cont. Full Time	1,931	3,051	2,838	-213
Regular Pay - Other	13	0	0	0
Additional Gross Pay	21	10	0	-10
Fringe Benefits	332	459	454	-5
Subtotal for: Personal Services (PS)	2,297	3,520	3,292	-228
Supplies and Materials	16	32	32	0
Telephone, Telegraph, Telegram	85	52	52	0
Rentals - Land and Structures	-5	450	664	214
Other Services and Charges	197	264	264	0
Contractual Services - Other	29	245	129	-116
Subsidies and Transfers	74	70	70	0
Equipment and Equipment Rental	106	292	98	-194
Subtotal for: Nonpersonal Services (NPS)	503	1,405	1,309	-96
Total Expenditures:	2,800	4,925	4,601	-324
Authorized Spending Levels by Revenue Type:	Dollars	Dollars	Dollars	Dollars
Other	2,800	4,925	4,601	-324
Total:	2,800	4,925	4,601	-324

1400 Insurance Bureau

INSURANCE				
(Dollars in Thousands)				
Department of Insurance and Securities Regulation				
Program			Proposed FY 2001 FTEs	Proposed FY 2001 Budget
0050	HMO POLICIES		4	424
4100	INSURANCE POLICIES		46	4,177
1400	INSURANCE		50	4,601
Total by Revenue Type:				
1400	INSURANCE	Other	50	4,601
1400	INSURANCE	Total	50	4,601

Program Overview

The **Insurance Bureau** regulates the insurance companies, reviews issues, and mediates disputes between consumers and insurance companies, brokers and agents. The Bureau consists of one office and five divisions: Product, Financial, Consumer/Professional, Fraud, and Managed Care. The Bureau also handles issues relating to the review and approval of rates and policy forms for life, health, disability, property, and casualty lines. In addition, the Division conducts financial reviews of managed care systems and health maintenance organizations. Rates and minimum capital requirements are approved to guarantee these organizations solvency.

Proposed Budget Summary

The proposed FY 2001 budget for Insurance totals \$4,601,058, a decrease of \$324,157 or 6.6 percent from FY 2000. This control center is supported by other revenue sources. There are 50 FTEs supported by this control center.

- **Other.** The proposed *other* budget is \$4,601,058, a decrease of \$324,157 from FY 2000. There are 50 FTEs supported by other sources. Of this decrease, \$228,117 is in personal services, \$96,040 is in nonpersonal services.

The change in personal services is comprised of:

- \$90,955 is an increase for the six percent nonunion pay increase
- (\$303,998) is a decrease in regular pay due to an internal reorganization and a shift in responsibilities
- (\$10,000) is a decrease in overtime due to an internal reorganization and a shift in responsibilities
- (\$5,074) is a decrease in benefits due to an internal reorganization and a shift in responsibilities

1400 Insurance Bureau

The change in nonpersonal services is comprised of:

- \$213,960 is an increase in rent based on Office of Property Management estimates
- (\$116,000) is a decrease in contractual services
- (\$194,000) is a decrease due to one-time adjustment for Y2K compliance

1600 Securities Bureau

FY 2001 Proposed Operating Budget

Object Class: 1600

SECURITIES

(Dollars in Thousands)

Department of Insurance and Securities Regulation

Object Class	Actual FY 1999	Approved FY 2000	Proposed FY 2001	Variance
Regular Pay -Cont. Full Time	331	636	563	-73
Additional Gross Pay	6	0	0	0
Fringe Benefits	46	95	95	0
Subtotal for: Personal Services (PS)	383	731	658	-73
Supplies and Materials	0	6	6	0
Telephone, Telegraph, Telegram	0	8	8	0
Rentals - Land and Structures	0	99	108	9
Other Services and Charges	0	36	36	0
Contractual Services - Other	0	27	21	-6
Subsidies and Transfers	0	22	30	8
Equipment and Equipment Rental	-1	24	18	-6
Subtotal for: Nonpersonal Services (NPS)	-1	223	228	4
Total Expenditures:	381	954	886	-68
Authorized Spending Levels by Revenue Type:	Dollars	Dollars	Dollars	Dollars
Other	381	954	886	-68
Total:	381	954	886	-68

1600 Securities Bureau

SECURITIES				
(Dollars in Thousands)				
Department of Insurance and Securities Regulation				
Program			Proposed FY 2001 FTEs	Proposed FY 2001 Budget
0060	OFFICE OF THE DIRECTOR		3	468
0070	LICENSING		5	279
0080	ENFORCEMENT DIVISION		2	138
1600	SECURITIES		10	886
Total by Revenue Type:				
1600	SECURITIES	Other	10	886
1600	SECURITIES	Total	10	886

Program Overview

The **Securities Bureau** regulates the securities businesses, investment advisors, investment representative, broker dealers and broker agents operating in the District of Columbia. The Securities Bureau consists of one office and two divisions: Licensing and Enforcement. The bureau acts not only as a regulatory arm of the industry, but also as a marketing tool, to attract new securities houses into the District, through the review of regulations and by keeping the costs of licensing fees as low as possible.

Proposed Budget Summary

The proposed FY 2001 budget for Securities totals \$885,844, a decrease of \$68,426 or 7.2 percent from FY 2000. There are 10 FTEs supported by this control center.

- **Other.** The proposed *other* budget is \$885,844, a decrease of \$68,426 from FY 2000. There are 10 FTEs supported by other sources. Of this decrease, \$72,901 is in personal services, and \$4,475 is an increase in nonpersonal services.

The change in personal services is comprised of:

- \$32,467 is an increase for the 6 percent nonunion pay increase
- (\$105,368) is a decrease in regular pay due to internal reorganization and shift in responsibilities

The change in nonpersonal services is comprised of:

- \$8,675 is an increase in rent based on Office of Property Management estimates
- (\$6,000) is a decrease in contractual services
- \$7,800 is an increase in subsidies and transfers
- (\$6,000) is a decrease due to one-time adjustment for Y2K compliance

Performance Goals and Targets

The performance goals and targets below are adapted from the Superintendent of Insurance and Securities Regulations' performance contract with the Mayor.

GOAL

Provide Fair, Efficient and Fast Regulation: The key to protecting consumers, as well as to encouraging financial services businesses to locate in the District, is to ensure that regulation is fair, prompt, and at reasonable cost. To meet these goals, DISR is taking the following steps

FY 2000 KEY OBJECTIVES

- Establish electronic document tracking and retrieval system
- Develop an interactive web site
- Improve staff capabilities
- Conduct community outreach and education

MANAGER: Thomas Hampton, Deputy Commissioner for Operations

SUPERVISOR: Lawrence Mirel, Commissioner, Department of Insurance and Securities Regulation

PERFORMANCE MEASURES	TARGET	
	FY00	FY01
<i>The electronic document tracking system will, for the first time, allow DISR to measure performance. The Department will adopt performance goals for all supervisors and unit managers no later than June 1, 2000, and will use the electronic document tracking system to measure results against the new performance standards.</i>		

GOAL

Create Conditions to Attract and Retain National and International Insurance and Other Financial Companies:

The District of Columbia is a natural place for the conduct of financial services businesses on a global basis. The nature of these businesses is changing rapidly due to consolidations, worldwide competition and the Internet. Although the District has a small local market for financial services products, as the capital city of the United States and the home of many national and international governmental and trade organizations the District has the potential to become a focal point for worldwide financial services. To enhance these prospects, DISR will undertake the following activities:

- Modernize laws and regulations
- Promote the District of Columbia as a financial center

FY 2000 KEY OBJECTIVES

- Prepare initial draft legislation for spring 2000 hearings by the Council Committee on Consumer and Regulatory Affairs. Continue legislative and regulatory review with support of local law firms on an on-going basis throughout the year.
- Engage in a wide range of promotional activities with insurance and securities industry representatives including meetings with industry executives, speeches before industry audiences and issue papers prepared for industry seminars.

MANAGER: Lawrence Mirel, Commissioner, Department of Insurance and Securities Regulation

SUPERVISOR: Lawrence Mirel, Commissioner, Department of Insurance and Securities Regulation